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FISCAL IMPACT STATEMENT

LS 6247

BILL NUMBER: HB 1596

NOTE PREPARED: Feb 21, 2009

BILL AMENDED: Feb 19, 2009

SUBJECT: Indiana Nanotechnology Initiative.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill permits the award of grants or loans from the Indiana twenty-first century research and technology fund to support proposals for economic development in nanotechnology. It also provides a personal property tax exemption for certain nanotechnology equipment.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Twenty-First Century Research and Technology Fund:* This bill adds nanotechnology to the list of areas of investment that may receive grants or loans from the Twenty-First Century Research and Technology Fund. Currently, the fund may provide investments to companies engaged in biomedical research and biotechnology, information technology, development of alternative fuel technologies, development and production of fuel efficient vehicles, and other high technology industry clusters requiring high skill, high wage employees. The purpose of the fund is to provide financial assistance to Indiana technology-based companies so that they can transition from early stage research to product development.

In FY 2007, the fund provided grants totaling approximately \$33 M to 21 Indiana companies. The fund was created in 1999, and in 2005 the IEDC began to oversee the fund. There have been a total of 58 awards totaling approximately \$75 M since 2005.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, nanotechnology equipment would be exempt from personal property taxes if it is directly related to nanotechnology research or primarily used in a project, program, or business based on nanotechnology. Taxpayers would claim the exemption on the personal property tax return and the local assessor would review the claim to ensure that the property meets the above requirements.

The exemption would apply to existing qualified property as well as new investments. If any existing assessed value is exempted, then the tax base would be reduced and tax rates would increase. The increased tax rate would shift part of the tax burden from owners of the exempt property to all other taxpayers. In areas where the circuit breaker caps have been triggered, the higher tax rates would result in a greater cost (taxing unit revenue loss) for the circuit breaker credits.

The exemption of newly acquired property would not affect the existing tax base. If there is an increase in development because of the exemption, then other property could be added to the tax base. However, if one assumes that the investment would be made with or without the exemption, then the granting of the exemption under this bill could also eliminate the normal shift of the property tax burden from all taxpayers to the owners of the new property that would have otherwise occurred.

The current assessed value of nanotechnology equipment cannot currently be quantified.

State Agencies Affected:

Local Agencies Affected: County and township assessors; county auditors; all local civil taxing units and school corporations.

Information Sources: Indiana Economic Development Corporation, *Twenty-First Century Research and Technology Fund: Seventh Report to the Indiana General Assembly*, July 1, 2007-June 30, 2008.

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